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CORPORATE FORECASTING

PLANNING TO ACCOMMODATE MEGASTRIP DEVELOPMENT

Research Paper No. 15

THE CITY OF Edmonton PLANNING AND BUILDING

Research Paper No. 15

PLANNING TO ACCOMMODATE MEGASTRIP DEVELOPMENT

by

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IMPORTANT NOTE:

This technical paper has been prepared by the Corporate Forecasting Group, Long Range Planning Branch, Planning and Building Department. The paper documents research results as part of an ongoing forecasting activity. Neither the methods nor the results have been endorsed by the City of Edmonton.

February, 1987

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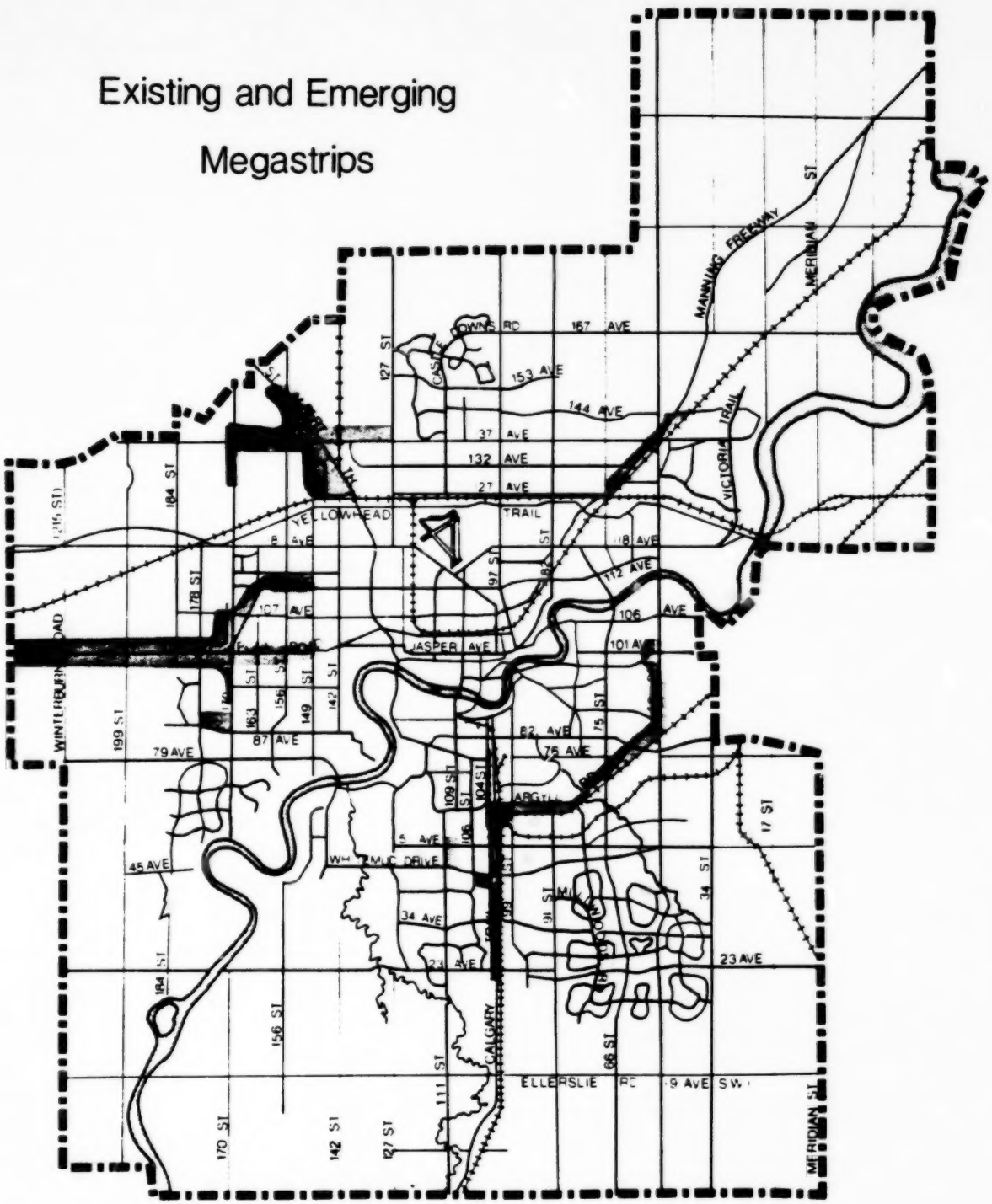
Map 1

Existing and Emerging Megastrips



Source: Planning and Building Department

PLANNING TO ACCOMMODATE MEGASTRIP DEVELOPMENT

1.0 INTRODUCTION

This paper has been prepared to generate discussion on a recent development trend in commercial development in Edmonton. It looks specifically at the "Megastrip", a retail corridor characterized by major retail aggregations which develop along couplet roadway systems, lack comprehensive development plans and contain several regionally oriented retail facilities. Good examples of megastrips exhibiting these characteristics include the Calgary Trail and the realigned portion of 170 Street near Stony Plain Road.

Of the three major characteristics used to define megastrips, the initiating component appears to be the development of a couplet roadway system to accommodate high traffic flows. Good market potential remains a necessity, as it does in all commercial development but the couplet roadway provides double the roadway frontage for increased visibility and access which spurs on changes in commercial development opportunities.

This paper was prepared to introduce the concept of megastrips and encourage the exploration of the implications of continued megastrip development. While it is not intended to provide an exhaustive perspective on megastrip development, it does discuss some of the market factors that have encouraged their growth and the interests of the Planning and Building Department in megastrip development. In addition, it points out some of the impacts of current planning and development policy and regulations on megastrips.

2.0 MARKET FACTORS AND FUTURE MEGASTRIP DEVELOPMENT

Despite relatively low rates of market growth and significant increases in the amounts of retail floorspace being developed in regional and community shopping centres, the first two megastrips in Edmonton have developed and grown at a relatively rapid rate. The principal reasons for this were the competitiveness of retailers and the development of a new anchor tenant for megastrips - the mega food store.

Whether the rapid rate of growth will or will not continue over the next few years is a difficult question to answer because of the broad range of factors influencing megastrip development. However, by looking at the key factors influencing megastrip development, it is possible to identify whether a continuation of growth is likely and whether a change is foreseeable.

2.1 Market Factors

The retail industry in Edmonton grew increasingly competitive during the early 1980's with new development (Heritage and West Edmonton), expansion of existing malls (Southgate and Londonderry), major renovations in existing facilities (Edmonton Centre) and the addition of new commercial land for retail development. In addition to these highly visible projects, Edmonton has witnessed a significant increase in retail strip development particularly along megastrips on Calgary Trail and 170 Street. It would appear the high visibility, convenience of access and lower comparable operating costs have kept megastrip locations competitive with other retail locations and facilities (see Appendix A).

Changes in food retailing in the past three years have led to the introduction of mega food floors to Edmonton. There are currently six such facilities operated by two food retailers. The stores tend to locate in pairs and act as anchor tenants for the other smaller retail outlets on the megastrip. Each mega food floor provides a regional type market draw generating large volumes of vehicle traffic on a regular basis. As anchors, they have successfully advanced the development of megastrips even in the face of strong competition from other traditional regional shopping facilities.

2.2 Future Development

These two factors (keen competition and new retailing trends) have been prominent in establishing two megastrips in Edmonton. Future development of these and other megastrips would require a continuation of these factors along with some market growth. In considering what is likely to happen in the next few years:

(i) Current trends in regional mall development and operation point to increasing rents and common area charges. Increased costs of business in malls maintains or improves opportunities for discount retailers in megastrips to attract consumers with lower prices based on lower selling costs and high volumes.

(ii) Mega food floor development is likely to continue in Edmonton. With each pair of competing stores requiring 70,000 to 100,000 people in the primary market, the maximum number of outlets in Edmonton is about 12. East and northeast locations would appear to hold the greatest potential for new stores.

(iii) Current economic and demographic forecasts suggest that market growth, based on low economic, population, income and retail expenditure growth will be low but positive (see Appendix B). Coupled with the success West Edmonton Mall has enjoyed in attracting tourist dollars to Edmonton for goods and services, market growth prospects remain favourable.

In addition to the above factors, new regional retail floorspace is planned or being developed in Mill Woods and the Downtown. More couplet roadway systems are being developed along the 100 Avenue-Stony Plain Road Corridor and in 5 to 10 years along the Fort Road-Manning Freeway corridor. Finally, a large number of potential megastrip tenants currently operate in Edmonton's industrial areas. Many have already relocated to competitively priced commercial land with very good access and visibility along existing megastrips.

3.0 CIVIC INTERESTS IN MEGASTRIP DEVELOPMENT

The City of Edmonton has several reasons for being interested in the location, amount and nature of megastrip development. First, it has proprietary interests in competing retail facilities in several Town Centres being developed in suburban locations. Second, it has an interest in reducing the impacts of commercial development on adjacent land uses and

promoting good planning. Third, the City has short and long term development objectives for Edmonton which may or may not be complemented by megastrip development.

With proprietary interests in some Town Centre commercial components, the City might be perceived to be working at cross purposes to itself by approving megastrip development within a Town Centre market area. Development of retail floorspace on a megastrip competes for consumer dollars and retail and service tenants who might otherwise locate in the Town Centre. However, the City's interest in developing Town Centres is to ensure that the provision of retail and service uses are incorporated into the community and as long as the viability of a Town Centre is not significantly delayed or threatened, it achieves its objectives. Often by approving development along a megastrip it increases the assessment base and area residents received the benefit of new jobs and services in advance of Town Centre facilities. The City also has the ability to introduce megastrip development on its own at Town Centre locations by initiating couplet roadway systems.

Edmonton's civic responsibilities include the review of all development proposals under the Alberta Planning Act. The City establishes specific requirements for site design, parking and the use of municipal services and utilities for each parcel along a megastrip. Because a comprehensive plan for a megastrip area does not usually exist or requires revision to accommodate major new uses, megastrip development may require additional considerations at the approval stage. There are no or only marginal additional costs associated with approvals, however, because evaluations are conducted by civic staff for all development proposals.

Megastrip development is also of interest to the City in that it may be used to achieve or complement civic development objectives. Because of the incremental nature of megastrip development, the uses that are developed on megastrips are not foreseeable except as general land use categories. Apart from being impossible to plan or to count on development within a specific time frame, even one major development can draw scarce civic resources away from other projects and possibly delay completing other civic development objectives. However, Edmonton does achieve gains with every development through jobs, assessment growth, utility base additions and increased economic activity. It is also possible to reassess priorities on changing objectives and to adjust to multiple demands for improvements and infrastructure changes based on the individual advantages attainable from each project as more information becomes available.

4.0 PLANNING POLICY AND MEGASTRIPS

Planning and development policies and regulations are used to establish and maintain the quality of development along megastrips and to control and limit any negative impacts on adjacent land uses. They are expressed in a hierarchy of plans and development regulations. Overall development policy is expressed in the General Municipal Plan which is used to establish long term goals and objectives. These policies are implemented in greater detail in Area Plans which deal with specific geographic areas of the City. For the individual development site, land use regulations provide specific controls over what may or may not be developed on a particular parcel of land and how

it may be developed. These policies and regulations affect megastrip development significantly in some instances and have little or no impact in others. This section looks at some of the implications of these policies on megastrips.

4.1 Planning Policy and Regulations

Long range planning and development policy is established in the General Municipal Plan (GMP). The impact of these policies on megastrips is limited because the GMP did not foresee megastrip development as a component of city growth. There are no references to even retail strip expansion except in select situations in older areas (see Appendix C). Some GMP policies do have an impact on megastrip development, however, because they interpret megastrips as conflicting with other types of development and land uses. For example, megastrip development is often seen as conflicting with policies promoting the vitality of suburban Town Centres by competing for tenants and consumer dollars. Whether in fact megastrip development conflicts with GMP policy is often situational but such policies can act as significant constraints on development.

Area Plans implement long term development policy within a more detailed planning context. Depending on whether they are prepared before or after megastrip development is initiated, they can have a negative or positive impact on development. Whether the impact is negative or positive is often determined by the similarity proposed development has with existing development. In very general terms, the more similar a proposal is to existing development, the less likely a plan will have a negative impact on it. Megastrip development sometimes suffers by omission because of its incremental nature. It cannot be developed under a comprehensive plan because of the changing relationship between tenants, retailing and the market. But Area Plans rarely identify a framework within which development proposals can be evaluated to either allow unnecessary or irrelevant aspects to be ignored or to focus civic review on key impacts associated with new megastrip development.

Land Use Bylaw regulations dictate site specific requirements that each development must met before it can proceed. The impact of these controls on megastrips can be significant on an individual lot by lot basis. These regulations affect the appearance of the megastrip through setbacks, building heights, floor area ratios, parking requirements and landscaping. Overall, however, they appear to have little impact on the development of megastrips because megastrips continue to expand under a wide range of land use districts (Appendix D).

4.2 Council Approvals

Although they are not established as written policy, City Council decisions can have significant impacts on megastrip development. Council discretion to approve applications which may not strictly conform with planning policy or guidelines advance development of the megastrip, but may also set a precedent for future development that promotes proposals which fail to conform to acceptable guidelines established in the planning process. Other decisions by Council, such

as the approval of couplet roadway systems are less direct but have more significant land use and planning implications. The impact of City Council decisions is situational but more often than not it has tended to support and encourage megastrip development.

5.0 CONCLUSIONS AND RECOMMENDATIONS

1. Megastrips are major retail aggregations located on high traffic volume arterials that have a couplet roadway system. They develop without benefit of a comprehensive plan and contain one and usually more regionally oriented retail tenants.

2. Megastrips typically start with the development of a couplet roadway system along a commercial arterial roadway. They have expanded rapidly in recent years as a result of:

   (i) the competitive position of megastrip retailers versus mall retailers;

   (ii) the development of mega food floors as regionally oriented anchor tenants and major traffic generators; and

   (iii) continued market growth within the City and from external towns and cities.

3. The development of megastrips is of interest to the City of Edmonton for several reasons: the City acts as a developer of possibly competing retail facilities, it is responsible for the approval of new development under the Alberta Planning Act, and it provides municipal services and utilities to megastrips. While the City may find itself in a contrary position with respect to some aspects of megastrip development, it is usually within civic interests for megastrip development to proceed. Not only does it achieve or complement many civic development objectives, it increases the assessment base, generates additional economic activity and jobs and improves service levels to Edmonton residents.

4. It is in the City's best interests to have megastrips develop in accordance with civic planning policy but there are policies and regulations which unnecessarily constrain megastrip development or which fail to optimize development when potential to do so exists.

   More specifically, there are GMP policies which conflict directly with some megastrip development. These policies should be revised to take megastrips into account within written planning policy or revised to apply only under certain specific situations. There are also area plans which overlook opportunities to coordinate megastrip development so that what is eventually built is well integrated with existing municipal infrastructure, existing development and future development. This could be facilitated by establishing an evaluation framework in each plan for specific types or sites of development proposals. Both these kinds of plan revisions could also be used as a means of more efficiently accommodating physical and economic development objectives within land use plans.

APPENDIX B

GROWTH INDICATORS FOR EDMONTON

POPULATION PROJECTIONS*

CITY OF EDMONTON

1987	582,210
1988	588,431
1989	594,710
1990	601,367
1991	609,049
1992	616,888
1993	625,342
1994	633,459
1995	641,238

*All figures are estimates

Source: Corporate Forecasting Group
Long Range Planning Branch
Planning and Building Department

APPENDIX B

GROWTH INDICATORS FOR EDMONTON

FUTURE GROSS DOMESTIC PRODUCT (GDP) ESTIMATES

ALBERTA

1986	0.0
1987	1.5
1988	3.0
1989	3.0
1990	3.5
1991	4.0
1992	3.0

Source: Socio-Economic Forecast, 1987-1992
Corporate Forecasting Group
Long Range Planning Branch
Planning and Building Department

APPENDIX C

CURRENT RETAIL FRAMEWORK FOR DEVELOPMENT

A OVERALL

1) MINIMIZE THE IMPACTS OF COMMERCIAL DEVELOPMENT ON RESIDENTIAL DEVELOPMENT
- OBJECTIVES 6.C AND 6.E

B SUBURBS

1) PLANNED MIXED USE TOWN CENTRES
- OBJECTIVES 6.A, 6.B., AND 6.E

2) MEDIUM AND HIGH INTENSITY EMPLOYMENT NODES
- OBJECTIVES 6.I AND 6.F

C INNER CITY

1) VIBRANT, DIVERSE AND BALANCED DOWNTOWN
- OBJECTIVES 6.A AND 6.D

2) STABILIZE, CONSOLIDATE AND IMPROVE STRIP RETAIL
- OBJECTIVE 6.C

3) HIGHWAY COMMERCIAL AREAS
- OBJECTIVE 6.H

4) INDUSTRIAL COMMERCIAL AREAS
- OBJECTIVES 6.B AND 6.I

APPENDIX C

GENERAL MUNICIPAL PLAN RETAIL POLICY SUMMARY

REFERENCE NUMBER	OBJECTIVE
6.A	To accommodate and encourage a balanced distribution of office and complementary commercial uses in the downtown and sub-centres that are easily accessed by public and private transportation.
6.B	To encourage the concentration of new suburban retail facilities in planned shopping centres and commercial districts.
6.C	To minimize the negative impacts of commercial development on adjacent neighbourhoods.
6.D	To promote the development of a vibrant, diverse and balanced downtown as the predominant commercial, administrative and cultural centre of the region with substantial quantities of housing and an exemplary standard of urban design.
6.E	To promote the development of planned mixed use Town Centres in the suburbs.
6.F	To encourage the development of medium to high intensity employment nodes at appropriate locations outside the downtown.
6.G	To stabilize, consolidate and improve established strip commercial areas and accommodate a wide variety of commercial activities having due regard to the maintenance of the character and amenities of adjacent residential areas.
6.H	To develop attractive highway commercial areas along major highways entering and traversing the City, primarily for commercial establishments serving the travelling public, and reduce the pressure for developments of this type in other areas.
6.I	To exercise strict control over the development of commercial uses in industrial areas so as to preserve an adequate supply of land for medium and heavy industrial uses.

APPENDIX D

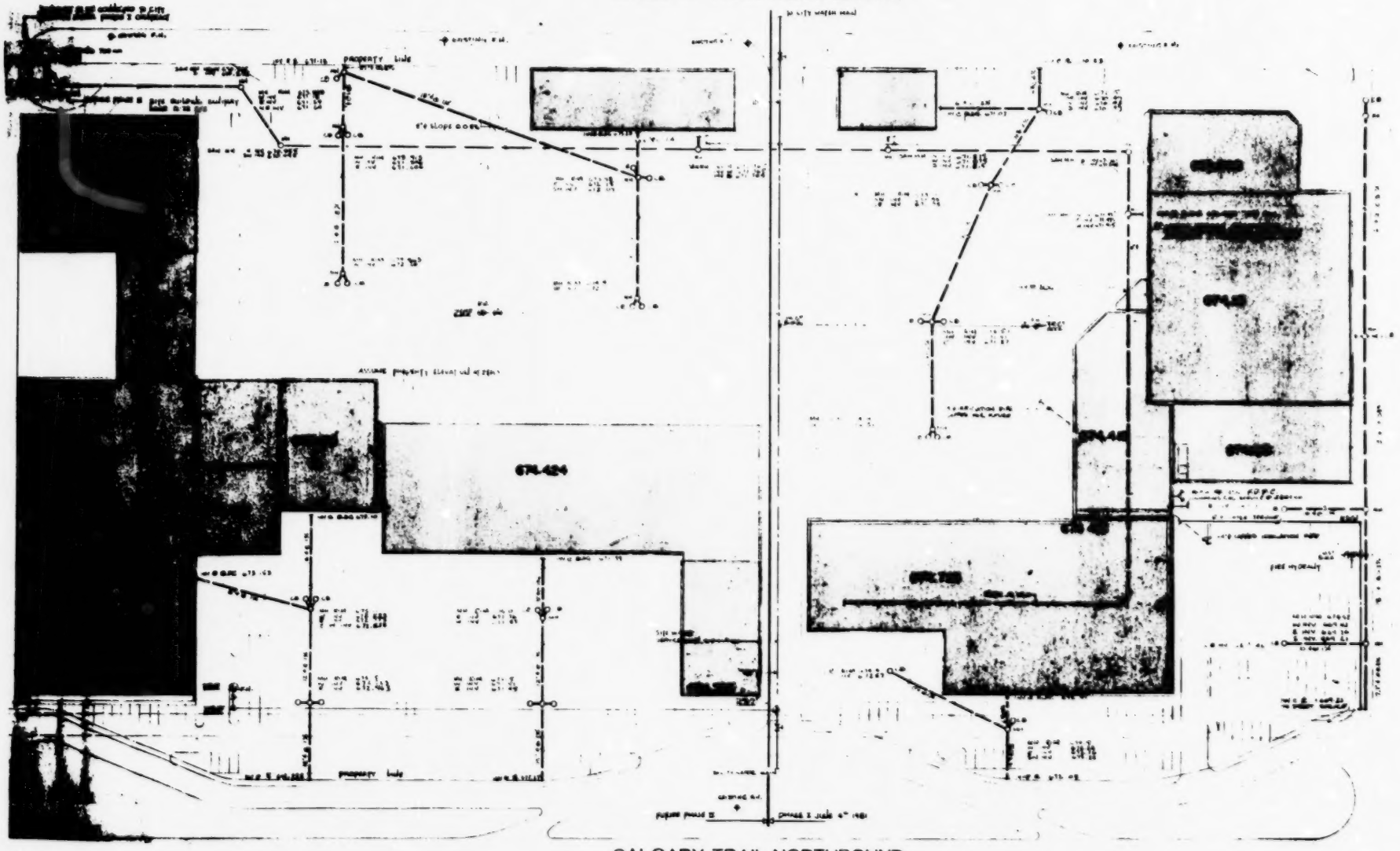
LAND USE DISTRICTS ON MEGASTRIPS

Location	Predominant District	Other Land Use Categories
170 Street (95 to 105 Ave.)	DC1 and DC5	RF1, AG, CHY, CB2, IB
Calgary Trail (23 to 63 Ave.)	CHY	DC2, DC3, CB1, CB2, CSC, CO, RF1, AGU, IB, IM, IH
Stony Plain Road (149 to 170 St.)	CB1/CB2	RF1, RA7, RF3, RF4, DC5, US, PU, CNC, IB, IM

APPENDIX E

TYPICAL DEVELOPMENT PLANS

CALGARY TRAIL SOUTHBOUND



CALGARY TRAIL NORTHBOUND